

SUBJECT: Revision of ADS 621, Obligations, and Associated Internal Mandatory References, Deobligation Guidebook and Reobligation Policy

NEW MATERIAL: M/CFO is pleased to announce formally that ADS 621, Obligations, and two internal mandatory references, Deobligation Guidebook and Reobligation Policy, have been revised and are effective as of August 4, 2005. As recommended by the OIG in their FY 2003 and FY 2004 Government Management Reform Act (GMRA) audit reports, M/CFO, in consultation with M/OAA, PPC, and the Bureaus/Missions, expanded policy and procedural guidance for the careful reviews needed to identify unliquidated obligations that are no longer needed.

EFFECTIVE DATE: 08/04/2005

ATTACHMENTS:

1. [ADS Chapter 621, Obligations](#)
2. [Deobligation Guidebook](#)
3. [Frequently Asked Questions \(FAQs\) on Monitoring Obligations](#)
4. [Improving the Determination Process for Deobligating Unliquidated Balances in Prior Year Travel Authorizations \(TAs\)](#)
5. [Overview of USAID Appropriations and Special Authorities](#)
6. [Recap on Deobligations, Reobligations, and Upward Adjustments](#)
7. [Reobligation Policy](#)
8. [Updating Cognizant Technical Officer \(CTO\) and Managing Organization in Phoenix](#)

POLICY

USAID/General Notice
M/CFO/APC
09/27/2005

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- ADS 621, Obligations -

Paragraph 621.2, Primary Responsibilities: The roles and responsibilities of those involved in the obligation and management of funds are clarified. In addition, the roles and responsibilities of the Bureau Transition Coordinators (BTCs), Accruals Reporting System (ARS) Coordinators, the M/OAA Solutions Center, M/CFO's Washington Financial Services Division, M/CFO's Central Accounting and Reports Division, and the M/AS Travel and Transportation Division are new.

Paragraph 621.3.4, Types of Obligations and Documentary Reference: The minimum documentation required to establish assistance awards, contracts, purchase orders (POs), interagency agreements (IAAs), and miscellaneous obligations (MOs) as valid obligations are explained.

Paragraph 621.3.9, Deobligation and Reobligation: The procedures for deobligating residual funds in travel authorizations/orders (TAs), personal service contracts (PSCs), POs, and MOs are clarified. The new Section 511 language, which put a cap on how long FY 2002 and beyond appropriations will remain available for reobligation, is interpreted. The policy and procedures for reobligating both program and OE funds are outlined.

Paragraph 621.3.10, Upward Adjustments of Obligations: The policy for providing additional funding to pay for goods and services (for both prior-year and current-year obligations) is detailed.

Paragraph 621.3.15, Annual Certification of Unexpended Obligated Balances: Both an ad hoc report and a report from Phoenix are suggested to assist USAID Bureaus/Missions in reviewing unliquidated obligations and making determinations regarding the deobligation of funds.

Paragraph 621.4.2, Internal Mandatory References: The following interim updates (IUs) were incorporated into the chapter as internal mandatory references:

- Updating CTO Name and Managing Organization Information in Phoenix
- Improving the Determination Process for Deobligating Unliquidated Balances in Prior Year Travel Authorizations
- Delegation of Authority, Duty, or Responsibility to USPSCs and Non-U.S. Citizen Employees

Paragraph 621.6, Definitions: The following new ADS terms and definitions were added to the ADS Glossary: AA Obligation Recorder, accruals, budget authority, Continuing Resolution (CR), employee, expenditure, expired account, field support, Miscellaneous Obligation, Managing Organization, obligated balance, obligation, outlays, pipeline, unexpended balance, and unobligated balance.

- Deobligation Guidebook -

Paragraph V.B., The Deobligation Process in USAID/W: We emphasized that for all grants under the Letter of Credit (LOC) payment mechanism, any deobligation action should be verified with M/CFO/CMP to ensure that the proposed deobligation reconciles with the LOC records.

Paragraph V.B.1.e., for expired M/OAA-obligated awards already in closeout (USAID/W): The procedures for closing and deobligating funds in PSCs are detailed.

Paragraph V.B.2.a.-f., Active Awards (USAID/W): The deobligation process in USAID/W for active awards are detailed for both Acquisition & Assistance (A&A) obligations and non-A&A obligations.

Paragraph V.C.1.e., Bilateral Program-funded Obligations with Expired Project Activity Completion Dates (Field Missions): The procedures after funds have been deobligated from a SOAG in Phoenix Missions are noted.

Paragraph V.C.3., OE-funded Obligations (Field Missions): The procedures for deobligating OE-funded obligations (POs, TAs, contracts, MOs, etc.) are outlined.

Paragraph V.C.4.c.-e., Program-funded Obligations signed by the CO/AO when the Contract/Grant is the Obligating Document (Field Missions): The procedures for deobligating funds in active and expired obligating documents are provided.

- Reobligation Policy -

The Agency's policy on reobligating program funds are refined and clarified in paragraph A. Paragraph B is new and outlines the policy on reobligating operating expense (OE) funds.

The revised ADS Chapter 621, Deobligation Guidebook, Reobligation Policy, and Additional Help documents are attached.

Attachments:

ADS Chapter 621, Obligations

Internal Mandatory Reference, Deobligation Guidebook

Internal Mandatory Reference, Reobligation Policy

Additional Help, FAQs on Monitoring Obligations

Additional Help, Recap on Deobligations, Reobligations, and Upward

Adjustments

Additional Help, Overview of USAID Appropriations and Special

Authorities

Point of Contact: Any questions concerning this Notice may be directed to Gloria White, M/CFO/APC, (202) 712-5339.

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File Name	Notice Date	Effective Date	Editorial Revision Date	ADS CD No.	Remarks
IU6_0512_092805_nocd	09/27/2005	08/04/2005			This IU will be cancelled once CD 41 is issued.

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